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## France

### Product Brief

### Snack Foods in France

2001

Approved by:

**Besa Kotati**

**U.S. Embassy**

Prepared by:

**Roselyne Gauthier**

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#### **Report Highlights:**

**Salty and sweet snack foods in France represent a \$4 billion market. The salty snacks market is growing at a rate of seven percent a year and the entire snack food market in France is expected to double within five to six years reaching \$8 billion.**

**Most snack foods are sold in supermarkets (83 percent). Successful products are easy to consume, sold in small-sized individual portions and are moderately priced. Best prospects are for any innovative high-value products offering a sporty, health and an exotic appeal.**

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Calendar Year 2000 average exchange rate: FF 7.13 = 1USD

Source: Paris Stock Exchange

## ***SECTION I. GENERAL MARKET OVERVIEW***

Snacking includes a large amount of foods (sweet and salty) ready to be eaten that experts define as food consumed outside meals either regularly or to replace meals. This rough definition is significant of the importance of this market which is on the upward trend. Eighty percent of the French consumers snack and this sector represents ten percent and fourteen percent of the adult and young people food consumption respectively.

While during the 80's French snacking industry developed sweet products, efforts are now concentrated on salty products which gain market shares. This report will mainly concentrate on the salty snack market which can be divided into three segments:

1. Salty snacks (including dairy, delicatessen and grocery)
2. Sandwiches
3. Salty products for aperitif "Produits salés pour apéritif" (PSA).

For Calendar Year 2000, the salty snack market in France, including sandwiches, was estimated to FF 17.4 billion (\$2.4 billion), globally increasing at a rate of seven percent a year. Salty products for aperitif (PSA) is an important segment of this market with total sales of FF 4.3 billion (\$613 million) in 2000, or a production of 90,364 tons, while salty snack sales amounted to FF 3.5 billion (491 million), from which fresh snacks (dairy and delicatessen) represent FF 2.6 billion (\$ 365 million). In 2000, France sold 660 million sandwiches for a value of FF 9.6 billion (\$1.3 billion).

Snack sales in supermarkets represent 83 percent of total sales; traditional grocery stores and bakeries 8.5 percent; automatic distribution, airports and railway stations: 4 percent; gasoline stations 3 percent, and tobacco shops 1.5 percent. Globally, French snack food market sales (salty and sweet) should double within five to six years to reach some \$8 billion.

According to the U.S. Bureau of the Census trade data, in calendar year 2000 French imports of snack foods (excluding nuts) from the United States amounted to \$6.5 million, or an increase of 6.6 percent compared to the year 1999. Major snacks products imported from the United States are chips, biscuits, seeds and confectionery products.

**SWOT ANALYSIS**  
*(Advantages and Challenges for U.S. Exporters to France)*

<b>Advantages</b>	<b>Challenges</b>
Fascination with American culture (music, movies, fashions carries over to American foods and snack products).	Lack of knowledge of U.S. brands by importers and retailers.
Innovative U.S. snack products (confectionery, biscuits, salty snacks including chips) could represent sale potential in France.	High tariffs and levies on sugar raise the retail price of imported products well above that of local products.
French manufacturers cannot afford the demand.	U.S. products will have to face competition mainly from EU countries.
Changing eating patterns: a growing number of people eat 5 to 6 times a day outside of the home instead of the traditional three square meals.	U.S. products offer a large variety of snack food products provided they are innovative and high quality they offer market potential.

## SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

### 1. MARKET SECTOR

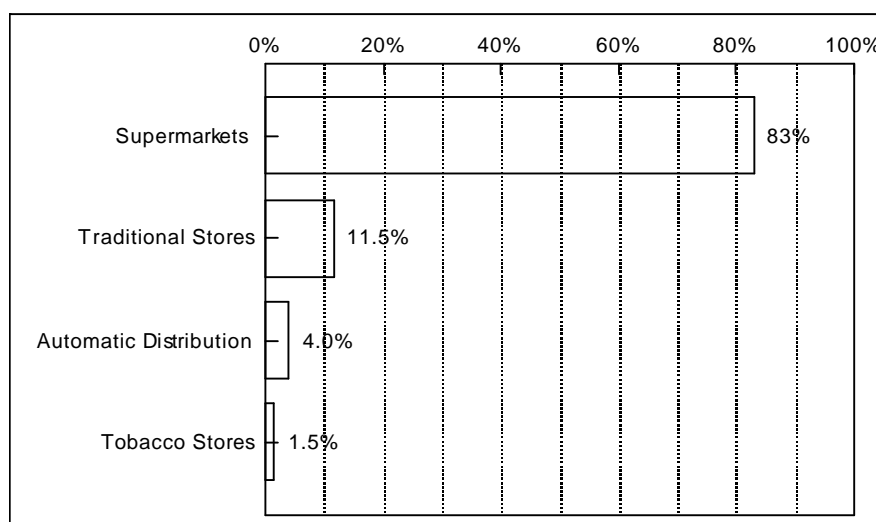
#### *Distribution Circuits in the Traditional Snack Market*

Source: Gira Consultant

Note:

--Graph below includes salty and sweet biscuits, PSA, chocolate, confectionery and industrial pastry or a total market of about \$4 billion.

--Traditional stores include grocery stores, bakery shops and gasoline stations. Automatic distribution includes equipment in airports and railway stations.



### ***A. Salty Snacks***

The salty snack market is very dynamic with total sales in year 2000 of FF 3.5 billion (\$491 million), supermarket sales in this segment increased 8.9 percent compared to 1999. According to a recent study conducted by Marketing Consultant Company GIRA, salty snacks are expected by 2005 to gain a market share of 30 percent over the total snack market. Increases in this market segment are 9.8 percent for dairy products, 4.7 percent for delicatessen and 6.5 percent for grocery products.

### ***B. Sandwiches***

With 660 million sandwiches sold in France, this sector represents a market of \$1.3 billion growing at a rate of 6 percent a year, accounting for some 50,000 tons of raw materials, including 15,000 tons of bread, 8,000 tons of ham or 4,000 tons of poultry. The United Kingdom has the leadership in sandwich sales in Europe and particularly through supermarkets. In the U.K., sandwiches sold in supermarkets account for 29 percent of total sandwich sales, while in France, sandwich sales in supermarkets represent only five percent of the total sales, compared to 23.3 percent for French bakery stores. It is reported that the sandwich sector in France is increasing at a rate of 15 percent a year.

The traditional “baguette” is little by little supplemented by ethnic breads such as Swedish bread, pita, ciabatta, etc. For the filling, French consumers’ preference is always towards ham (35 percent of club sandwich sales) before fish sandwiches (25 percent) or poultry (20 percent). Salads represent only 8 percent of the club sandwich but have increased by 60 percent over the last twelve months.

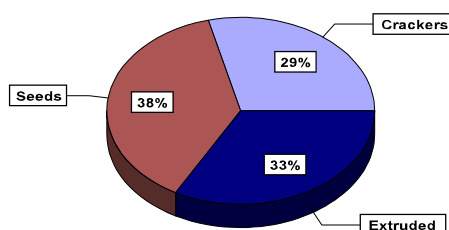
By 2005, sandwiches sold in France are expected to reach 845 million, most of the sales being in bakery stores (22 percent), and sandwich stores (17 percent), the supermarket sales are not expected to represent more than six percent of total sales. By 2005, industrially made sandwiches will represent only 25 percent of the sales mostly in supermarkets, gasoline stations and the food service in trains and airplanes. For the craftsmen sandwiches selling points will be the food service in railway stations, airports and highways with an estimated increase of 10 percent a year up to 2005, as well as sandwich stores and leisure parks and exhibition centers.

Although a growing segment of the snack food sector, considering the short shelf life the opportunities for U.S. exporters are only for the sandwich filling offering quality, freshness and exotism to the consumers.

### *C. Salted Snacks for Aperitif (PSA)*

Salted snacks for aperitif (PSA) includes seeds, extruded products (including chips), and crackers. This market totals \$613 million with seeds representing 38 percent of the PSA market valued at \$227 million. Extruded products and crackers represent 33 and 29 percent of the PSA total market valued at \$197 million and \$189 million, respectively. PSA consumers are very sensitive to new products and competition is very strong; however, U.S. exporters with innovative high quality products with an american image can find a niche in this growing market where French manufacturers cannot satisfy the growing demand and respond to consumers' expectations towards innovative products.

#### *PSA Market in France*



Source: Nielsen

## **2. ROAD MAP FOR MARKET ENTRY:**

Supermarkets are very concerned with the development of the snacking market particularly stores located in cities always at the upmost of the current events. Thus, Marks & Spencer by its anglo-saxon origin was the first to develop in France flavored chip sales, soft drinks and cheese sticks. Some supermarket stores redesign their snacking areas by increasing the number of products to take away, favoring produce such as fresh sandwiches and salads, fruit juice and sushis. Some city supermarket stores also have an “express menu gourmet” space with a large representation of food tendencies : exotism, dietetic, organic, etc; Some stores even group all ethnic cuisine to permit customers to find products of the world all at the same place offering sometimes cooking demonstrations.

### *Entry Strategy*

To succeed in introducing snack products to the market, U.S. exporters must have local representation and personal contacts. Local representatives can provide up-to-date information on business practices, trade laws, sales leads, and marketing and distribution strategies. Some local representatives are also importers and distributors. The Office of Agricultural Affairs in Paris has listings of potential importers and distributors for snack food products.

Depending on their products, U.S. exporters can penetrate the market through:

- 3 a central buying office
- 3 specialized importers/distributors

Producers of new-to-market and niche products usually enter through importers/distributors. The U.S. company must:

- 3 Submit product descriptions and price quotations.
- 3 Submit products to laboratory testing.
- 3 Obtain sanitary/health certificates and other import documents.

Once a product meets all import requirements, the Central Buying Office will include it in its referencing list and offer it to supermarket buyers who will order the product directly.

OAA recommends that small-to medium-size U.S. exporters work through importers/distributors familiar with the operations of central buying offices and supermarkets, which often require financing for referencing and share the management and advertizing costs of positioning products in the market. French consumers' growing openness to foreign foods as well as mergers among large supermarket groups has led to a more important selection of imported products, including those from North America.

### *Market Structure*

- ' Products are imported through an importer/distributor or a central buying office. They are then dispatched to regional warehouses and distribution centers.
- ' Central buying offices reference products from suppliers, apply tariffs and impose controls to make sure products comply with French regulations.
- ' Warehouse and distribution centers coordinate the delivery of products using appropriate means of mass distribution.

### **3. OPPORTUNITIES AND THREATS:**

Over 150 products are launched every year in the snacking segment, from mini-carrots to specialty bottled mineral water to classic salty products. Snack products need to be easy to consume and in small-sized, individual portions, since 27 percent of French consumers snack on public transportation, 33 percent in the street and 32 percent at work. The price of a snack needs to be moderate. Many diet conscious French consumers seek balanced snack intake, which this explains why many sandwiches include salad ingredients. Opportunities for U.S. exporters exist for these high value products. Demand for innovative and easy-to-eat-everywhere snacks is increasing, offer is insufficient and the home meal replacement solution does not really exist. All snack segments are potential opportunities including home meal replacement.

## **SECTION III. MARKET ACCESS**

### ***Food Laws and Tariffs***

Like other member States of the European Union, France imposes tariff and non-tariff external barriers. Food products entering the EU and France are subject to customs duties which vary from one product to another. Most processed products, including snacks are subject to additional import charges based on the product's sugar, fat, milk protein and starch content.

Although France is not a closed market, its regulations limit market access for certain U.S. agricultural products. Food additives are not yet harmonized and some food additives are not authorized in France. For more information on product restrictions, food standards and regulations, please refer to Post Food and Agricultural Import Regulations and Standards Report (FAIRS) available on Internet website: <http://www.fas.usda.gov>.

### ***Basic Labeling/Packaging Requirements***

Labels should be written in French and include the following information:

• *Product definition*

• *Shelf life:* Indicate "used by," and "best before" dates and other storage requirements

• *Precautionary information or usage instructions, if applicable*

• *Statement of contents:* ingredients, weights, volumes, etc., in metric units. All additives, preservatives and color agents must be noted on the label with their specific group name or their 'E' number

• *Product's country of origin and name of importer or vendor within the EU*

• *Manufacturer's lot or batch number*

### ***Import Procedures and Documentation Requirements***

For complete information, please refer to Post's U.S. Exporter Guide available on Internet website: <http://www.fas.usda.gov>.



**SECTION IV. KEY CONTACTS AND FURTHER INFORMATION**

For further information contact:  
Office of Agricultural Affairs  
American Embassy  
2, avenue Gabriel - 75382 Paris Cedex 08  
Tel: (33-1) 43 12 2264  
Fax: (33-1) 43 12 2662  
Email: [agparis@fas.usda.gov](mailto:agparis@fas.usda.gov)  
homepage: <http://www.amb-usa.fr/fas/fas.htm>

For more information on exporting U.S. food products to France, visit our homepage. The OAA homepage includes information on the HRI and Retail food sector, Food and Agricultural Import Regulations and Standards and a U.S. Exporter Guide as well as upcoming promotional trade shows and fairs in France. Importer lists are available from our office to exporters of U.S. snack food products.

For more information on exporting U.S. snack products to other countries, please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov>.